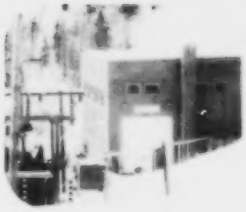
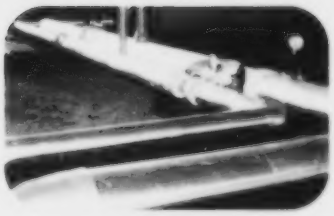
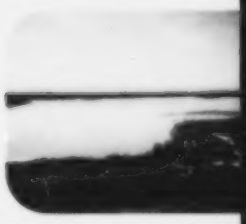
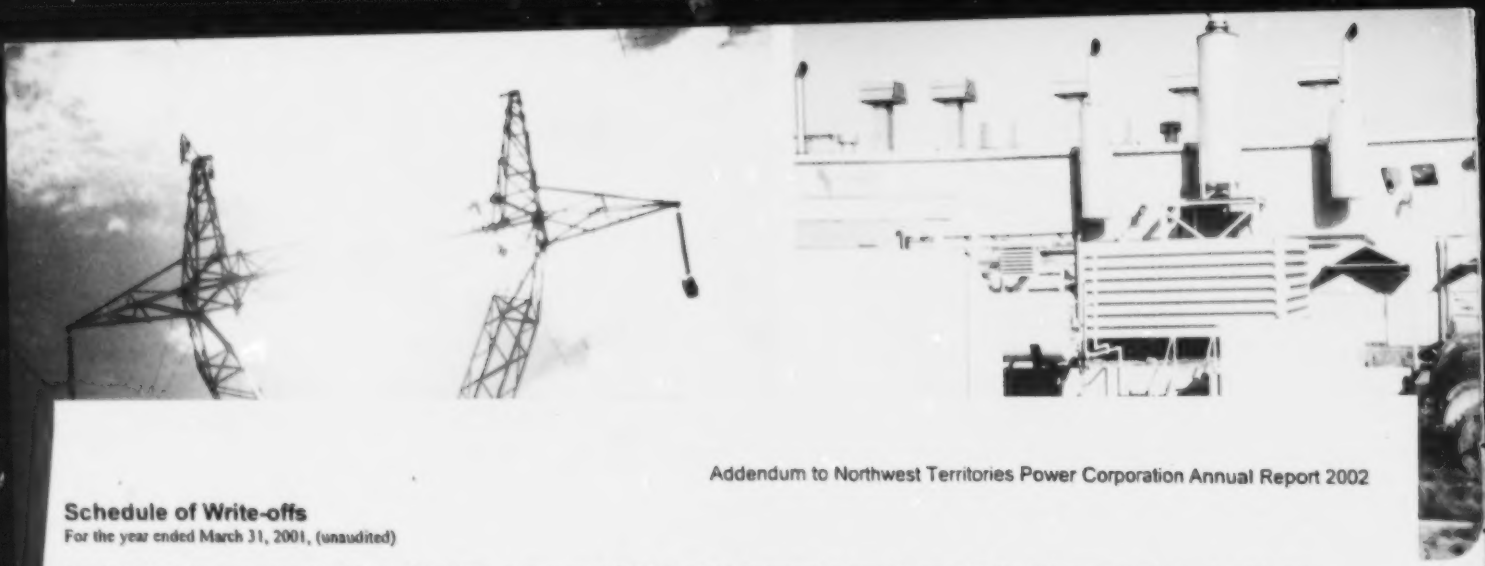
POWER CORPORATION



2002 ANNUAL REPORT



Schedule of Write-offs

For the year ended March 31, 2001, (unaudited)

The following are those assets, debt or obligations, in excess of $500, that the Corporation has written off in the year pursuant to section 84 of the Financial Administration Act.

Accounts Receivable

Plant	Name	Amount
Aklavik	Gordon, Judy Ann	532.93
Deline	Neyelle, Susan	1,269.61
	J&L Services	919.13
	Mackeinzo, Merine	620.96
	Tatti, Francis	880.04
	Schear, Donna	568.85
Fort Good Hope	Cook, David	1,992.87
Fort Liard	Deh Cho Helicopters	4,262.04
	Northern Mountain Helicopters	1,728.11
Fort McPherson	Thomas, Effie	627.82
Fort Resolution	King, Joe Jr.	769.69
Fort Simpson	Mulligan, Kevin	600.28
Fort Smith	Beaver, Nora	941.72
	Pierrot, Molly	513.88
Lutsel K'e	Catholique, Martin	1,047.62
Norman Wells	Marion, Jim	1,005.55
Tuktoyaktuk	Kikoak, Susie/Kikoak, Ian	541.20
Tulita	Horassi, George	1,346.66
	M&L Food Services	8,772.49
	Cook, Wilbert	1,283.25
Wha Ti	Meni Dene	2,930.36
	Meni Dene Co-Op	12,875.90
	Meni Dene Co-Op Cable	5,086.82
	Meni Dene Hotel	1,590.90
Wrigley	Roote, Andrew	563.14
		$ 53,271.82

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NORTHWEST TERRITORIES POWER CORPORATION

mission

To provide, safe reliable energy and related services in the territories, while following sound business practices and demonstrating leadership in protecting the environment. In achieving the Corporation's Vision Statement and objectives, we will endeavor to:

> Be cost effective in the utilization of all resources, always remembering that we are spending the customer's money;

> Strive to increase shareholder value in the long term;

> Commit to the safety and development of our employees by balancing the needs of our customers with the needs of our families and ourselves;

> Act ethically and honestly – treating employees, customers and others with fairness, dignity and respect;

> Be responsive to our customers and their changing needs;

> Respect and protect the environment in all our activities to ensure a sustainable environment for the territories; and

> Communicate in an open and timely manner.

vision

to be recognized as a progressive company

message from the chairman

Gordon Stewart
Chairman

The twelve months ending March 31, 2002 have been dynamic and challenging for the Board, management and staff.

It concludes the Corporation's first year as a utility focused on serving the best interests of the residents of the Northwest Territories. It is the beginning of a new era as our ties with Nunavut are now solely business-based, realizing contractual opportunities with Nunavut Power Corporation who are presently our only customer in the new territory.

Division of the Corporation also allowed the Board of Directors and management to review the structure of the organization and to implement strategies aimed at achieving our goals and objectives. Specifically, the Board wanted to see a much stronger relationship between customers and the Corporation. In this respect we are delighted to see that the reorganization has resulted in a significant improvement to this part of our business.

The transformation to a customer driven corporation remains a primary corporate goal. The Board is committed to 'raising the bar' and ensuring the delivery of an excellent product and service to customers. Working and communicating with our stakeholders will continue to be a priority.

The Board continues to work with our shareholder reviewing the recommendations of what is commonly referred to as the Robertson Report. The future direction and shape of the Corporation and the decisions emanating from this review are very interdependent. We are excited at the prospect of moving forward with a number of opportunities that have been identified in the Robertson Report and to creating an environment of some medium-term certainty for the Corporation's customers and employees.

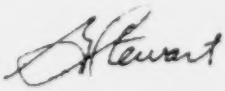
On behalf of the Board I would like to thank our customers for their business. Every effort will be made to ensure you continue to receive the quality product and service you deserve.

Providing a high level of customer service requires a dedicated and loyal team of employees, and the Northwest Territories Power Corporation team is just that. To each and every one of you the Board extends their thanks.

The Board would also like to thank our shareholder, the Government of the Northwest Territories, for their ongoing support and in particular the Honorable Joe Handley as the Minister Responsible for the Power Corporation.

Finally as Chairman I would like to thank my fellow Board members for their unswerving commitment over the last 12 months and to acknowledge the appointment of long time northerner Rod Hardy of Tulita to the Board. I would also like to take this opportunity to extend sincere thanks to John Parker who retired from the Board earlier this year. Mr. Parker was our longest serving Board member and his wise counsel was an asset in conducting our governance responsibilities.

We look forward to the coming year with optimism and enthusiasm.



Gordon Stewart
Chairman

Leon Courneya
President & CEO

This past year has been an extremely busy one with some very major initiatives challenging the Corporation. These include addressing and resolving the many issues relating directly to the division of the Corporation, an internal re-organization resulting in a major realignment of management responsibilities, the filing of a General Rate Application with the Public Utilities Board seeking total revenue approval for the test years 2001/2002 and 2002/2003 and the negotiation of a three-year collective agreement.

There is little doubt that the workload has extended available resources, however I am very pleased to report that we have in most cases achieved our targets for the year.

A highlight of the year of which we are all proud, was being honoured by the Voluntary Challenge and Registry Inc. with the Leadership Award for Electric Utilities for our efforts in voluntarily reducing the level of greenhouse gas emissions created through our generation systems. This leadership award is the second bestowed upon the Corporation by VCR Inc as we won the best new submission award in 1999.

Division

Since the division of the Corporation in April 2001 that saw the formation of the Nunavut Power Corporation, we have completed the transfer of most records requested by NPC. Still to be finalized is the allocation of assets, liabilities and shareholders equity, a matter that is further explained in the Management Discussion section of this Report.

Staff employed by the two corporations have worked very diligently to resolve issues pertaining to division and to bring closure to this very significant chapter in the respective histories of both organizations.

Obviously with division comes a reduction in size and here we saw the asset base of the Corporation restated at April 1, 2001 as $248 million and shareholders equity as $69.2 million which are reductions of 32% and 38% respectively when compared to the corresponding combined figures prior to division.

This resizing of the Corporation does have negative impacts with respect to achieving economies of scale and to maximizing return on assets. However, it also has an upside and we are now seeing a new look Corporation that is re-focusing strategies and striving to enhance its core business of providing safe and reliable electricity to retail and wholesale customers that live and work across the Northwest Territories.

Re-organization

With division came the opportunity to review how we operated our business and to assess if the business model being used was meeting the needs of our customers. The review clearly identified that we needed to work much more closely with our customers. To achieve this the Corporation established three regional business units with direct responsibility for the delivery of excellent customer service. New work teams have been created to maximize the synergy of resources and to create a sharper focus on front line business. In addition, some work functions previously carried out at head office have been transferred to the regional offices.

The transition to the new structure over the last 12 months has been challenging for all employees, however I am very pleased to report that the hurdles have

been overcome and the anticipated improvements in service delivery are being realized.

Training, the adoption of best practice and the maximizing of resources have been key to the reorganization. A comprehensive customer service training program that was completed by all employees, together with more specialized training modules relating to activities such as accounts payable and billing, has been critical to the transition. Senior management has also worked hard to ensure that the limited resources available to operate our plants and service our customers are used to best advantage. Further realignment and enhancement of procedures can be expected over the next 12 months.

Our Customers

An important focus over the past 12 months, and one that will continue as a number one priority for the Corporation, has been to work more closely with our customers. We have increased our level of customer communication through more regular visits to communities and by continuing to send out regular customer newsletters. Customers have also asked that we supply them with more information relating to our product and service and how they can use it more wisely. To meet this need we have produced a number of information brochures, conducted a series of energy efficiency workshops and attended numerous community and business meetings to represent the interests of the Corporation.

Our continued efforts to reshape and revitalize the organization into a customer focused operation, underpins our investment in, and commitment to, the reorganization of the Corporation discussed above. Exceeding the needs of our customers is our goal and as a team we aim to achieve this by being helpful, easy to deal with, knowledgeable, and to deliver our product to our customers safely and on the most reliable basis possible.

Relationships with our customers are also vitally important and in addition to fostering good relationships from a business perspective the Corporation is also determined to be a good corporate citizen at a local and territorial level. Regional offices run a comprehensive donations program and our head office personnel manage and coordinate a territorial sponsorship strategy that has seen the Corporation as a major sponsor of the Drug Abuse Resistance Education program, the NWT Outstanding Volunteer Awards and the South Slave Friendship Festival during the past year. As a corporation we are pleased to be part of these Northern success stories.

Financial Performance

With electricity sales for the period at just over 307 million kilowatt-hours, the financial statement for the year shows total revenue of $64.3 million and net earnings of $6.9 million. After payment of a dividend of $4 million to our shareholder, the Government of the Northwest Territories, retained earnings have increased by $2.9 million to just over $29 million.

General Rate Application

On May 9, 2001 the Corporation achieved a significant milestone for the year when it filed Phase I of the 2001/2003 General Rate Application with the Public Utilities Board. For the Corporation's Finance Department this was the culmination of more than 12 months of effort. However, their work was only just beginning. Interrogatories from intervenors were in the hundreds and each one required careful analysis prior to responding.

The cost of providing safe, reliable electricity to our customers has increased dramatically since the last GRA in 1997. Major increases have been incurred due to the increasing cost of diesel fuel, travel, insurance and wages. Although every effort has been made by the Corporation to absorb these impacts, it was not prudent for the Corporation to continue operating with a revenue deficiency.

With the existing community based rate design, the burden of increased electricity prices is felt most severely in the small remote diesel communities serviced by the Corporation. Fortunately the Government's Territorial Power Subsidy Program does

provide some relief, however, the question remains as to how sustainable this model is in the long term. To ensure that the best formula for setting rates for all electricity consumers across the NWT is in place, the Corporation will, when filing Phase II of the current GRA, very deliberately promote alternative rate designs to encourage participation and debate amongst the various customer groups.

While the Finance Department is taking the lead role in this process, many other staff have and will contribute to this very important corporation-wide project. I thank them all for their commitment and urge them to continue their excellent work as we proceed with the filing of Phase II and hopefully the ultimate setting of a new rate schedule before the end of the 2003 fiscal year.

Business Development & New Opportunities

The Corporation is a fully integrated utility business handling all aspects from product generation, high voltage transmission and distribution, to industrial, wholesale and retail sales. The goal of our business development strategy is to not only pursue opportunities that will see an increase in sales but also a positive impact on our bottom line performance.

Achieving an increase in sales is a difficult task in a market that supports minimal new business growth outside of the buoyant diamond mining industry. However, over the past 12 months, we have endeavoured to progress the development of a new hydro plant on the Snare River system targeting the already established mining sector. This initiative has been undertaken in partnership with the Dogrib Power Corporation. To date the partnership has not succeeded in signing the two existing mines to a power purchase agreement however the economics of this project will improve with the planned addition of other mining development.

Distributed generation is another strategy that the Corporation has been exploring; particularly the use of natural gas driven micro turbines that can be positioned in the same location as the end-load, thereby allowing the capturing and use of the residual heat created by the turbines.

In this regard the Corporation has reached an agreement with the Town of Inuvik to undertake a development project that will see two micro turbines installed into the Town's recreation complex. Installation is expected in September 2002 and will be followed by 12 months performance monitoring.

With the partners of the Mackenzie Gas Project announcing in January 2002 that they are investing $250 million in the Project Definition stage of the project, the Corporation has established a strategy development team to research and assess the opportunities that might arise from this mega-project that could be integrated into the Corporation's long-term business plan.

Acknowledgements

With 2001/02 behind us, and as I conclude this report, I realize how busy we have been over the past 12 months. The General Rate Application, division and re-organization are enough to deal with individually without handling them all in one year. However through perseverance and hard work we have realized our goals and the new look Corporation is moving forward as a proactive and focused organization.

On behalf of all employees I would like to express our thanks to our Chairman and Board of Directors for their guidance and direction over the last 12 months.

I applaud all employees for the part they have played in our accomplishments and thank each and every one of you on behalf of the Board and senior management for your cooperation and dedication and I look forward to us continuing to develop and grow as a Corporation in the year ahead.

Leon Courneya, FCA
President & CEO

Management's Discussion and Analysis of Financial Condition and Results of Operation - Fiscal 2001/02

This Management's Discussion and Analysis contains projections and other forward looking statements. While these statements represent our best current judgement, they are subject to risks and uncertainties that could cause actual results to vary. The Management Discussion and Analysis should be read in conjunction with the 2001/02 Financial Statements. Consistent with the Financial Statements, all dollar value references are in thousands unless noted otherwise.

Overview

Under the Northwest Territories Power Corporation Act, it is the responsibility of the Northwest Territories Power Corporation ("the Corporation" or "NTPC") to generate, transform, transmit, distribute, deliver, sell and supply energy throughout the Northwest Territories (NWT) in a safe, economic, efficient and reliable manner. The Government of the Northwest Territories (GNWT) acquired the Corporation from the federal government in May of 1988. NTPC is a crown corporation owned 100 percent by the GNWT, and as such does not pay corporate income tax. All long-term corporate debt is guaranteed by the GNWT. The Corporation was mandated to provide energy and related services to customers in the area known as the Northwest Territories from May 5, 1988 to March 31, 2001. The Corporation's area of operation changed significantly after April 1, 2001 when the Territories divided.

a) Division

After several years of study and negotiation, the Government of Nunavut (GN) decided in November 1999 to form its own utility - the Nunavut Power Corporation (NPC). From April 1, 1999 to March 31, 2001 the Corporation operated in Nunavut under a Transition Agreement. On April 1, 2001 NPC assumed responsibility for the delivery of energy and related services in Nunavut.

The GNWT and GN are dividing the assets and liabilities of the Corporation between NTPC and NPC using the principles in the Transition Agreement and the principles developed to divide the Territories. The dividing of these assets and liabilities between NTPC and NPC is referred to in this report as "Division".

b) Post-Division Corporation Operations

Following Division, the Corporation owns and operates the generation and distribution systems and residual heat distribution systems held by the Corporation as at March 31, 2001 that are located in the NWT. Specifically, the Corporation distributes electricity to the end use consumer in 26 communities and supplies electricity on a wholesale basis to 2 distributing utilities, which in turn retail electricity to customers in Yellowknife and the Hay River area.

The Corporation exists in a unique operating environment. Extremely low customer densities, harsh climate and the consequential logistical challenges, as well as the lack of an integrated transmission system, set the Corporation apart from most utilities, as does the fact that the Corporation's generation is based on a mix of hydro, natural gas and diesel facilities. The unique environment has a profound effect on the Corporation's operations throughout its service area.

The Corporation operates 31 separate power plants, including two hydro systems and the Inuvik natural gas system. The Corporation also supplies power to the community of Norman Wells through a purchase power agreement with Imperial Oil. The Corporation's infrastructure includes hydroelectric, diesel and natural gas generation plants, transmission systems, and numerous isolated electrical distribution systems.

These systems serve a population of approximately 42,000 located in an area of 1.2 million square kilometers. Approximately 67% of the population live in the North Slave and South Slave regions while the rest of the population resides in small communities widely dispersed throughout the rest of the NWT. The Corporation's total generating load is approximately

65MW with isolated power systems having generating capacities ranging from 190 kW at Colville Lake to 59.6MW at Snare/Yellowknife. These systems are isolated and unconnected, thus each must be planned for and operated independently. Full-time personnel operate all plants except one small backup facility. Support staff travel to the smaller plants as required to supplement the work of local operators.

It is in the context of the operating environment outlined above that the Corporation works to meet its goals and objectives, employing strategies that acknowledge the vast area and diverse operational requirements.

Business Strategy

The Corporation's Mission Statement is to provide safe, reliable energy and related services in the Territories while following sound business practices and demonstrating leadership in protecting the environment.

In 2001/02 the Corporation continued its strategy to provide customers with affordable, reliable energy services. A Corporate-wide reliability level of 99.97% was achieved in 2001/02. As well, the Public Utilities Board (PUB) approved the Corporation's new capacity planning criteria for all communities except the Snare/Yellowknife system. NTPC is working to complete planning criteria for Snare/Yellowknife in 2002/03.

Through the approval of the Corporation's 2001/03 General Rate Application (GRA), the PUB approved a new revenue requirement for the Corporation and rates will be adjusted to achieve the maximum return on equity. The Corporation reorganized during fiscal 2001/02, reducing costs by $2 million more than was originally forecast as a result of Division. The forecast savings from reorganization were reflected in the Corporation's GRA and passed on to the customers. To help control travel costs and improve communication, videoconferencing was deployed between the regional office in Inuvik and head office in Hay River. As well, the Corporation's capital plan for 2001/02 was set at a level to meet operational needs and maintain reliability while keeping pace with the rate at which assets are amortized.

NTPC continued its strategy to provide a safe work environment that protects employees, property, contractors and the general public. The Corporation has embraced a safety culture, which includes emphasis on safety training for employees. An in-house safety training program was developed for plant operators. An industrial safety competition was developed and implemented with additional training for linepersons who take part in the annual inter utility Pole Top Rescue Competition. All Corporation employees worked very hard to achieve a safety record of 3.8 lost workdays per 200,000 hours for the last five years. In addition, Corporation personnel were once again active in the classroom as they presented electricity safety awareness education in NWT schools. The Corporation also implemented a pilot program for employee defensive driver training which will be expanded in future years.

Consistent with its strategy to develop alternative sources of revenue or decrease expenses to reduce the need for rate increases, the Corporation entered into a contract to provide engineering services to the Nunavut Power Corporation. Under this agreement, the Corporation provided engineering studies, power plant and heating designs, and project

Judith Goucher
Director, Finance & CFO

Gerd Sandrock
Director, Business Development

Al Dube
Director, Engineering & Chief Engineer

John Locke
Director, Information Technology, CIO

Derek Aindow
Director, Human Resources

management services for a wide variety of projects. The forecast net profit from the NPC engineering contract was included as a source of other income in the Corporation's 2001/03 GRA which reduced the amount of revenue to be collected from electricity customers.

In 2001/02 the Corporation pursued strategies to acquire new franchises and businesses. Mixed results were achieved in this area. The GNWT deferred consideration of most of the recommendations from its Review of Electrical Generation, Transmission and Distribution in the NWT (Robertson Report) in 2001/02, however they did decide not to transfer the Petroleum Products Division to the Corporation. The Corporation, in partnership with the Dogrib First Nation has been negotiating to sell power to two diamond mines near Yellowknife however no agreement was reached in 2001/02. The Corporation began negotiations on a joint venture with the Town of Inuvik to undertake a pilot distributed generation project and progress was made on negotiations with Miramar Mining Corporation to acquire the Bluefish hydro generation facility located close to Yellowknife.

The Corporation continued its strategic direction to demonstrate leadership in protecting the environment:

> the Corporation is enrolled in Canada's Climate Change Voluntary Challenge and Registry Inc. (VCR) and submitted a report on its efforts in the past years and achievement in reducing greenhouse gas emissions to 50% below the 1990 levels;

> NTPC takes great pride in being awarded Gold Champion reporting status for the second time by VCR and in 2001/02 received the additional honour of being selected for the "Leadership Award for the Electricity Sector" from among the many electric utility companies registered with VCR;

> the Corporation regularly updates and monitors its Environmental Management System (EMS), which includes the assessment of new remediation technologies;

> planning began in 2001/02 for a project in Tulita where the Corporation will utilize new technology to remediate an old plant site;

> under the EMS a new environmental and safety audit program was developed during 2001/02;

> the Corporation continued to progress its site assessment program by concluding the assessment of its two hydro sites; and

> in Decision 1-2002, the PUB approved the Corporation's 2001/03 GRA including an update for the future removal and site restoration provision which is recovered in the amortization rates. The total provision for future removal and site restoration is $35.4 million as of March 31, 2002.

The Corporation also continued with its strategic goal to satisfy the needs of its employees by ensuring a stimulating work environment and facilitating their continued development through professional development and training opportunities. Improved communication was a strong emphasis in 2001/02 and new tools such as an internal web site were utilized to meet this initiative. Implementation of the reorganized corporate structure was also an emphasis in 2001/02 and efforts are ongoing to make this initiative a success. Management and the union were successful in reaching a 3-year collective agreement during 2001/02, which provides for an average increase in total compensation of 3% in each year of the three years and covers 134 bargaining unit employees.

A new strategic emphasis in 2001/02 was to satisfy the needs of our customers. The Corporation conducted a baseline survey of customer concerns and a plan was developed to respond to issues raised in the customer survey. To that end, a number of informational brochures were developed and circulated to customers. Employees were provided with customer service training, regular meetings were held with community governments and large commercial

customers, a quarterly newsletter was developed and issued, energy efficiency seminars were presented in larger communities and the Corporation and its customers reached a negotiated settlement with regard to its 2001/03 GRA – Phase I.

NTPC is committed to building on its strengths through a continued focus on reliability, safety, environment and affordability. This will place the Corporation in an optimal position to meet and embrace new challenges on the horizon as the NWT continues to grow and develop.

Key Financial Targets and Ratios

The financial results of the Corporation for 2001/02 reflect the impact of Division, reorganization and the General Rate Application. To provide comparable financial results for 2000/01, when the Corporation operated in both the NWT and Nunavut, results have been restated to reflect NWT-only. For the most part, the NWT-only numbers were readily derived from the consolidated results on the basis of geographic origin. However, a number of common revenues and costs, in particular head office costs, required estimation. In the absence of segregated data for common revenues and costs, the percent allocations from the Division process were utilized. These percentages were not intended to reflect the actual results that either NTPC or NPC might incur post-Division.

Several key indicators have been identified to measure corporate performance:

	2003 Target	2002 Target	2002	2001 (1)	2000 (1)
Total Return on Regulated Equity	9.5%	9.5%	9.7%	8.2%	10.0%
Debt/Equity Ratio	58/42	60/40	58/42	59/41	57/43
Plant Efficiency (kWh/litre)*	3.57	3.58	3.60	3.59	3.59

*Plant efficiencies have been restated and no longer include the diesel engines in Inuvik

(1) Includes NWT and Nunavut operations

Total Return on Equity (ROE) is a measurement of the relationship between profit and equity invested in the Corporation. The GRA Negotiated Settlement resulted in a recommended ROE of 9.5%, which the PUB approved in Decision 1-2002. Through reorganization and other cost savings measures the Corporation met its PUB approved ROE for 2001/02. The equity reported for 2001/02 is based on the NWT's portion of equity to date per the Division process.

Debt/Equity Ratio measures the amount of debt the Corporation has as compared to the equity invested in the Corporation. The Corporation is striving towards a long-term target of 50 to 55% debt and 45 to 50% equity. For 2001/02 the Corporation is reporting a ratio of 58|42. In the Division process, as a result of direct assignment of Snare Cascades and its associated debt to the NWT and an allocation

Brian Willows
Regional Director, Delta-Sahtu

Paul Campbell
Regional Director, Deh Cho-South Slave

Randy Patrick
Regional Director, North Slave

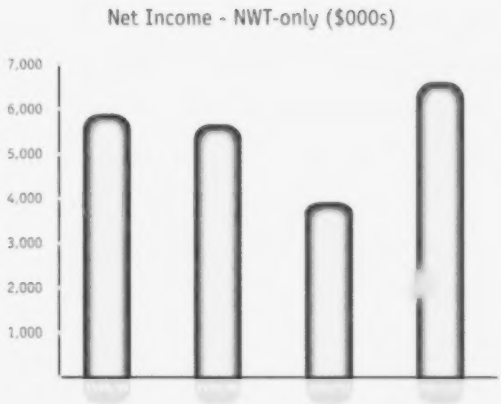
process for balances with an undeterminable allocation between the NWT and Nunavut, the NWT portion of net debt = 65% whereas its portion of equity is only 62%. This allocation difference contributed to the decrease of equity-sourced financing in 2001/02. The Corporation's target for 2002/03 is 58/42.

Plant Efficiency measures the number of diesel kilowatt hours generated per litre of fuel consumed. This efficiency ratio is instrumental in the setting of rates. The efficiency ratio for prior years has been restated to exclude changes in the operations in Inuvik. In 1999/00 gas engines were installed in Inuvik. These highly efficient engines are not directly comparable to diesel engine efficiencies and thus have been excluded from the calculation. For the third year in a row, the Corporation has exceeded its plant efficiency target of 3.58 kWh/litre, thus reducing its fuel consumption per kWh of electricity generated.

In fiscal 2001/02, the Corporation achieved net income of $6.9 million, achieving a full return on equity. Figure 1 illustrates the growth in net income over the periods 1998/99 to 2001/02.

The 2001/03 General Rate Application reflected NWT-only revenues and expenses and as a result, adjustments were made to bring NWT rates in line with current expenses, assisting the Corporation to earn its approved net income. Looking at 2000/01 results for NWT-only, the Corporation experienced lower net income than previous years and a lower net income as compared to 2001/02. If it had not been for growth and positive results in Nunavut, which helped the Corporation to meet its combined net income target, the Corporation may have applied for a General Rate Application earlier than 2001/02.

figure 1



Revenue

For the year ended March 31, 2002, revenue generated from sales of electricity was approximately 97% of the Corporation's total revenue of $64.3 million, compared to 96% from electricity sales in the previous fiscal year.

Electric sales have increased by 9.3 GWh as a result of growth in sales to customers in both the North and South Slave regions. Sales growth was driven primarily by increased economic activity in 2001/02, including a boom for the NWT construction industry caused by the spin off effect of the construction of the Diavik diamond mine. 2001/02 also saw demand for housing increase as the economies of Yellowknife and Inuvik grew and income levels rose. Oil and gas exploration, together with increased mineral production, also boosted the overall level of the economy throughout the North.

In the coming year electricity sales are forecast to increase. Wholesale sales are estimated to grow a further 2%, which can be attributed in large part to the spin off effects from diamond mine operation and construction activity. Oil and gas exploration and increased housing starts are expected to drive both domestic and commercial sales in the Delta Sahtu and North Slave regions during the coming year with overall growth in sales to these customer groups steady at 1%. Positive growth is expected to characterize these categories for the next five years.

Electric sales in dollars have increased in 2001/02 not only as a result of increased sales volume, but also due to the PUB approval of an 18% increase in the 2001/02 revenue requirement to cover the increase in expenses. The Corporation has recovered $5.1 million of this increase in 2001/02 through PUB approved interim rates, effective July 1, 2001. The Corporation has filed an application with the PUB to recover the remainder of the 2001/02 approved revenue through a shortfall rate rider. This rider will remain in effect until the shortfall is fully recovered.

Revenue collected from rate stabilization fund riders is also included in the sale of power revenues for 2001/02 and comparative years. Rate stabilization funds were established during the previous GRA to provide stability in rates when fuel prices and water levels fluctuate. The Corporation recovered $2.1 million through rate stabilization fund riders in 2000/01 as compared to $501 in 2001/02 when the funds were re-based to reflect the new PUB approved fuel prices and efficiencies.

figure 2

	Electric Revenues ($ Million)			Electric Sales (GWh)		
Electric Sales by Customer Class	2002	2001 NWT only	Change	2002	2001 NWT only	Change
Commercial	20.0	17.2	2.8	54.1	52.4	1.7
Domestic	16.4	14.4	2.0	41.8	41.3	0.5
Wholesale	21.4	16.5	4.9	182.7	174.9	7.8
Industrial	3.8	3.5	0.3	26.9	27.6	(0.7)
Streetlights	0.9	0.9	0.0	1.8	1.8	0.0
Total Electrical Sales	62.5	52.5	10.0	307.3	298.0	9.3

Interest and other revenue were up in 2001/02 over the prior year as a result of one-time gains that were realized. With the downturn in the market, the Corporation anticipates lower returns on sinking fund investments in 2002/03, which will be partially offset by higher than anticipated contract income.

Expenditures

Overall operating expenditures for 2001/02 are $8.0 million higher than the expenses reported for NWT-only for 2000/01. Increases in fuel expense account for close to $3.0 million of the year-to-year expense increase. The majority of the remaining year to year variance is a result of the arbitrary allocation in separating out 2000/01 NWT and Nunavut expenses, as described under the Key Financial Targets and Ratios section of this analysis.

Fuel increased in 2001/02 as a result of a 13% increase in the average cost of diesel fuel as approved by the PUB, an increase in the cost of gas used in Inuvik and an increase in the cost of power purchased in Norman Wells. Increased fuel costs were also driven by the increased demand for generation in the Delta Sahtu region due to oil and gas development. Despite a $0.01/litre decrease in the average PUB approved fuel price for 2002/03, with continued increases in sales expected for 2002/03 in both the North Slave and Delta Sahtu regions and low water anticipated for the Snare/Yellowknife hydro system, the Corporation has forecast a 7% increase in fuel expense for 2002/03.

In March 2002 the Corporation reached a three-year collective agreement with its unionized employees, which provides for average increases in total compensation of approximately 3% over each of the next three years. Salary and wages continue to represent approximately one third of the Corporation's annual operating expense, driven to a large extent by the Corporation's operating area as outlined in the Overview of this analysis.

Supplies and services have increased by 35% in 2001/02 compared to 2000/01 NWT-only figures. Included in the increase for supplies and services is an increase in the annual provision to cover the cost of emergency repairs, which was approved by the PUB in Decision 1-2002. The cost of emergency events/repairs is not budgeted elsewhere in the Corporation's O&M. The cost for emergency events has continued to increase since the last approved provision set in 1997/98. The increase in the annual provision is $200. This variance will be eliminated in 2002/03 as the annual provision is constant from one year to the next.

The Corporation also saw an increase in insurance premiums of $525 in 2001/02, which effectively doubled the NWT-only premium expense. As a result of a hardened insurance market, post September 11th, the Corporation has assumed more risk through its revised deductible limits on its property policy. Efforts at loss prevention are continuing, such as continued plant operator training, safety, environment and operational audits, other safety and environmental training and through the efforts of the Risk Management Committee to complete a review of contracts and put in place emergency response plans by March 31, 2003. A Risk Management Policy has been drafted and will be presented to the Corporation's Board in 2002/03.

PUB Decision 1-2002 approved normalized overhauls costs for 2001/02 and future years. This allows the Corporation to charge an annual set amount for the diesel, gas and hydro engine overhauls – which is based on an analysis of historical overhaul costs in each community. Any excess or under charge of actual amounts compared to the normalized costs are pooled in a deferral account. This new accounting policy will mitigate income statement fluctuations experienced as a result of overhauls.

The Corporation anticipates increases in supplies and services costs for 2002/03 of $619 (6%) to cover inflation and increased professional training, including a comprehensive plant operator training program.

Travel and accommodation costs have increased in 2001/02 compared to the 2000/01 NWT-only expenses. Overall regional travel and accommodation expenses have decreased by 10% despite rising costs of travel throughout the territories, in part due to the availability of video conferencing in Inuvik. As explained previously, 2001/02 head office travel expenses are not comparable to the 2000/01 NWT-only travel expenses due to the inability of the Division allocation methodology to mirror practical application. The Corporation anticipates that total travel and accommodation costs in 2002/03 will increase by 31% ($589) as a result of increasing air travel costs and more trips required of head office engineering staff to provide increased operational services to the regions in 2002/03.

Change in Reporting

As part of its effort to better clarify its cash flows, the Corporation has included in 2001/02 and comparative years' revenues, charges to customers as a result of rate stabilization fund riders. The Corporation has offset these power revenues in the income statement by adding an offsetting expense under Fuel.

The Corporation has also included in 2001/02 and comparative years, funds received from the GNWT to fund the Public Service Superannuation Plan (PSSP) as part of "Other" revenues. The Corporation has offset these revenues by including the same amounts as an additional expense under Salaries and Wages.

2001/01 General Rate Application

The PUB approved the negotiated settlement of the Corporation's Phase I rate application in February 2002. In July 2002, an application was submitted to the PUB to amend the Interim rates and collect the 2001/02 shortfall through a rate rider. The Corporation plans to file Phase II in the fall of 2002. Delays in approval of the Interim application are negatively affecting the Corporation's cash flow and the shortfall to be recovered from customers will continue to grow until final rates are in place.

Financing Costs

The Corporation redeemed $31.3 million of long-term debt in May 2001 as a result of NPC paying its portion of net long-term debt. NPC also paid $16 million in October 2001 to cover a portion of its short-term debt outstanding. The Corporation redeemed some of its short-term debt as a result of this payment. As part of the Division process there is still some of the Corporation's current outstanding short-term debt that is in dispute. The settlement of the Division process in 2002/03 is expected to further draw down the short-term debt balance as shown at March 31, 2002.

The Corporation is currently reviewing its long-term debt requirements. In 2001/02 the Corporation converted the floating rate Capital Loan Facility to a fixed rate and will start repaying this loan in 2002/03. The GNWT approved a loan guarantee for borrowing related to the purchase of Bluefish Hydro from Miramar Mine. As in other years, the Corporation will utilize short-term financing to cover the capital plan for 2002/03.

Liquidity and Capital Resources

Cash Flows in General

Cash flows for 2000/01 are difficult to separate between NWT and Nunavut, therefore it is difficult to compare the cash flow statements between 2001 and 2002. Much of the Corporation's cash related to Nunavut was tied up until September 2001, which restricted the Corporation's cash flow and increased short-term interest costs for 2001/02. With most of the Division issues resolved, cash flows for 2002/03 will have less financing redemptions and receipts and more of the Corporation's cash inflows and outflows will come from operations. The Corporation's capital plan for the next five years is expected to remain constant therefore it is anticipated that cash

expenditures on capital assets should not change significantly in the next few years.

Capital Expenditures

$6.2 million was spent on capital projects in 2001/02 ($4.7 million - 2000/01 NWT-only), although not all of these capital projects were completed in 2001/02. Within the Northwest Territories, the Corporation undertook the following projects:

- Snare Plants gravel crushing for road rebuild and dam remediation
- Phase 1 of Snare Rapids and Snare Forks dam remediations
- Lutsel K'e, Tsiigehtchic, Colville Lake, Fort McPherson, Jean Marie River and Nahanni Butte diesel engine replacements
- Yellowknife (Jackfish) EMD Diesel plant automatic start
- Phase 1 of Fort Simpson Plant Automation
- Repair and installation of Pine Point T2 transformer
- Upgrade of Norman Wells power plant switchgear
- Colville Lake fuel tank farm installation
- Emergency standby modular diesel generating set purchase
- Head Office renovations and improvements

Assessment of alternate generation technology continues on an ongoing basis. The Corporation has analyzed the feasibility of micro-turbines at several Delta Sahtu locations and is proceeding with a 2-unit installation at the Midnight Sun Recreation Centre in Inuvik. A photovoltaic energy demonstration project is also underway at the Hay River Office. Wind turbine generation is being reassessed for application in the NWT.

figure 3

2001/02 CAPITAL EXPENDITURES BY CATEGORY

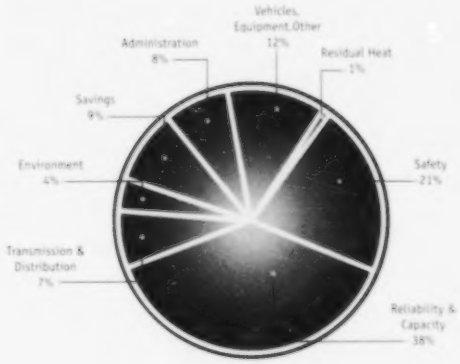
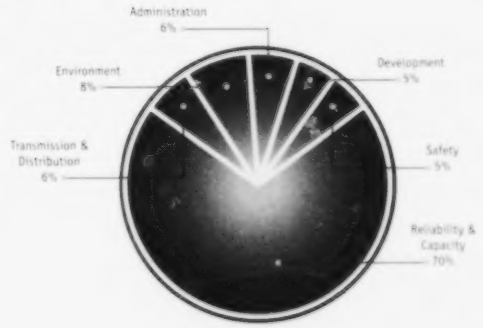


figure 4

2002/03 CAPITAL EXPENDITURES BY CATEGORY



In 2002/03 the Corporation has budgeted $8.6 million for capital projects with the main focus again on those projects that will maintain or improve reliability and capacity within the communities the Corporation serves. In 2002/03, the Corporation will continue with the following projects: investigating the options available to replace the power plant in Aklavik, upgrading the road at the Snare Hydro site, new generator winding at Snare Rapids and upgrading of the fuel transfer facility at the Jackfish plant in Yellowknife. The Corporation will also undertake the following new projects: installation of a new transformer and upgrading the heating systems at the Jackfish plant, developing a demonstration project for distributed power supply in Inuvik, and replacing diesel engines in Sachs Harbour and Wha Ti. Figures 3 and 4 provide a comparison of the actual 2001/02 and planned 2002/03 capital expenditures by category.

Rate Stabilization Funds

PUB Decision 1-2002 approved the continued use of rate stabilization funds to facilitate rate stability, with the addition of an Inuvik fuel stabilization fund – which accounts for changes in Inuvik's gas and diesel fuel prices. The Decision approved changes to the base fuel prices and efficiencies for all diesel stabilization funds and also approved a change to the long-term average hydro generation for the Snare/Yellowknife system from 177.0 GWh to 177.5 GWh. All of these changes were applied to the funds effective April 1, 2001.

The water stabilization fund for Yellowknife at March 31, 2002, is at its trigger limit but is expected to fall below the limit early in 2002/03 due to forecast lower water levels for the year. The Yellowknife diesel stabilization fund has a small deficit balance but is well under the trigger amount and should not require any recovery of amounts from customers in 2002/03 or 2003/04.

The stabilization fund for the diesel communities is well below the $1.0 million trigger amount, and at the end of the first year of Invuik's fuel stabilization fund, that fund is also within its $250 trigger amount. The Norman Wells stabilization fund was in a surplus at year-end but is forecast to be within its approved level at the end of the 2002/03 fiscal year.

Outlook

The Corporation anticipates earning a full return on equity in 2002/03. In heading towards this goal the Corporation will face a number of challenges and opportunities. Items the Corporation will need to address in 2002/03 include the following:

Low Water

The Corporation is forecasting lower than average water in the Snare hydro system in 2002/03. The stabilization funds are set up to mitigate the effects of low water but rates are currently set on a blended cost of hydro/diesel and therefore do not recover the full cost of producing electricity by diesel. The Corporation is proposing to address this issue in Phase II of the GRA.

Gold Mines

The Corporation's load forecast takes into consideration the forecast that both Yellowknife gold mines will effectively cease operations by the end of 2004/05. It is assumed that the mines will enter a care and maintenance/reclamation mode and that energy will still be required to run pumps and other equipment associated with the clean up. It is anticipated that the care and maintenance operation of both mines will result in decreased Industrial sales of 75% by 2005/06. The Corporation has factored the mine closures into its long-term forecast for North Slave and will be managing the system by adjusting costs and looking into other potential customers for the system. If no offsetting increase to sales or

South Slave Friendship Festival

Drug Abuse Resistance Education (D.A.R.E.) Program

Energy Efficiency Workshop

reduction in costs is realized, there will be a negative net income impact unless rates are increased.

Diamond Mines

The BHP mine is in production and Diavik will soon follow. The impact on Yellowknife of these mines is now being positively felt. Yellowknife is forecast to grow over the next few years. The Corporation has partnered with the Dogrib First Nation to negotiate an agreement to supply power to the Diamond mines by developing Site 7 and building a transmission line from the Snare hydro system. To date, the economics of the project have proven challenging as the mines are using their current diesel electrical generation to produce heat as well. The Corporation will be looking at alternatives, including the addition of another diamond mine in the area, which will improve the economics of this project.

GNWT Review

The GNWT is still reviewing the Corporation's role and mandate as part of its review of the Electrical Generation and Distribution in the NWT and consideration of its overall Energy Strategy. Recommendations from this review, if acted on, may impact the Corporation positively or negatively.

2001/03 GRA (Phase II)

While the Corporation has an approved revenue requirement for 2002/03 and 2002/03, final rates have not been set. The Corporation will be filing Phase II of its rate application to seek approval of final rates which will position the Corporation to earn its full return on equity.

Judith Goucher, MA
Director, Finance & CFO

COMMUNITIES

South Slave Friendship Festival

SPONSORSHIP

Drug Abuse Resistance Education (D.A.R.E.) Program

COMMUNITIES

Energy Efficiency Workshop

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Judith Goucher, MA
Director, Finance & CFO

management's responsibility for financial reporting

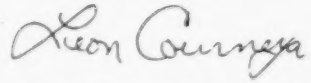
The accompanying consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation (the Corporation) is regulated by the Public Utilities Board of the Northwest Territories, which also examines and approves its accounting policies and practices. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a territorial crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

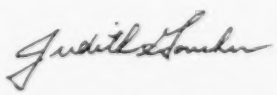
The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.



Leon Courneya, FCA
President & CEO



Judith Goucher, MA
Director, Finance & CFO

Hay River, NT
June 14, 2002

OFFICE OF THE AUDITOR GENERAL

CANADA

BUREAU DU VÉRIFICATEUR GÉNÉRAL

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 2002 and the consolidated statements of earnings and retained earnings, and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, *the Northwest Territories Power Corporation Act*, and the by-laws of the Corporation and its wholly-owned subsidiaries.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 14, 2002

			2001 (Note 3)
			Combined NWT and Nunavut
Revenues			
Sale of power (Note 4)	$ 62,520	$ 52,516	$ 103,988
Other (Note 5)	1,790	1,338	3,898
	64,310	53,854	107,886
Expenses			
Fuels and lubricants	15,358	12,378	31,097
Salaries and wages	15,751	13,587	25,317
Supplies and services	9,679	7,216	15,787
Amortization	6,492	6,287	9,962
Travel and accommodation	1,890	1,732	3,549
	49,170	41,200	85,712
Earnings from operations	15,140	12,654	22,174
Interest income	2,022	293	838
Contract income, net (Note 7)	264	-	-
Earnings before interest expense	17,426	12,947	23,012
Interest expense (Note 8)	10,544	8,765	13,923
Net earnings	6,882	4,182	9,089
Restated retained earnings at beginning of period as restated (Note 3 & 18)	26,148	26,019	66,860
Dividend (Note 9)	(4,000)	(4,053)	(6,368)
Retained earnings at end of period	$ 29,030	$ 26,148	$ 69,581

See accompanying notes

FOR THE YEAR ENDED MARCH 31, 2002 – ($000's)

	2002 NWT only	2001 *Combined NWT and Nunavut*
Cash flows from operating activities		
Cash receipts from customers	$ 60,472	$ 102,028
Cash paid to suppliers and employees	(47,793)	(82,778)
Interest received	1,086	838
Interest paid	(10,870)	(14,459)
Received from NPC (Nunavut Power Corporation) for operating activities related to division	1,615	-
Cash flows from operating activities	4,510	5,629
Cash flows used in investing activities		
Purchase of capital assets	(5,334)	(20,395)
Proceeds from insurance	-	1,581
Proceeds from sale of capital assets	114	-
Cash flows used in investing activities	(5,220)	(18,814)
Cash flows from financing activities		
Received from NPC for financing activities related to division	48,822	-
Repayment of long-term debt	(31,300)	(336)
Proceeds from long-term borrowings	-	20,000
(Repayment of) net proceeds from short-term borrowings	(18,512)	2,360
Repayment of net lease obligation	(167)	(188)
Sinking fund installments	(2,051)	(3,228)
Proceeds from sinking fund redemption	1,532	-
Dividend paid	-	(6,368)
Dividend payable	2,299	-
Cash flows from financing activities	623	12,240
Net decrease in cash and short-term investments	(87)	(945)
Cash and short-term investments at beginning of period	239	1,184
Less: NPC's portion of cash and short-term investments	(2)	-
	237	1,184
Cash and short-term investments at end of period	$ 150	$ 239

See accompanying notes

Consolidated Balance Sheet

($000's)

	March 31 2002	April 1 2001 (Note 1) NWT only	March 31 2001 *Combined NWT and Nunavut*
Assets			
Capital assets (Note 10)			
Capital assets in service	$ 258,786	$ 258,605	$ 396,860
Less accumulated amortization	(59,878)	(58,584)	(96,095)
	198,908	200,021	300,765
Construction work in progress	2,699	3,791	3,791
	201,607	203,812	304,556
Current assets			
Cash and short-term investments	150	237	239
Accounts receivable (Note 4)	17,161	9,203	19,965
Prepaid expenses	824	815	1,170
Due from NPC (Note 3)	5,477	8,298	-
Inventories	7,450	6,410	16,153
	31,062	24,963	37,527
Other assets			
Deferred expenses and other assets (Note 11)	7,992	6,070	9,765
Sinking fund investments (Note 12)	15,957	13,213	14,746
	23,949	19,283	24,511
	$ 256,618	$ 248,058	$ 366,594
Liabilities and Shareholder's Equity			
Long-term debt			
Long-term debt (Note 13)	$ 116,719	$ 117,796	$ 149,096
Net lease obligation (Note 14)	1,883	2,050	2,050
	118,602	119,846	151,146
Current liabilities			
Bank indebtedness and short-term debt (Note 15)	8,056	10,576	26,576
Accounts payable and accrued liabilities	10,071	8,687	14,499
Dividends payable	6,299	-	-
Current portion of long-term debt (Note 13)	1,084	249	249
	25,510	19,512	41,324
Other liabilities			
Future removal and site restoration provision (Note 16)	35,399	34,189	49,102
Deferred revenues and other liabilities (Note 17)	4,948	5,234	12,312
	40,347	39,423	61,414
Shareholder's equity (Note 18)	72,159	69,277	112,710
	$ 256,618	$ 248,058	$ 366,594
Commitments and contingencies (Notes 19)			

See accompanying notes

Approved on behalf of the Board:

Gordon Stewart
Chairman of the Board

Tom Zubko
Director

($000's)

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			Combined NWT and Nunavut
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Commitments and contingencies (Notes 19)			See accompanying notes

Approved on behalf of the Board:

Gordon Stewart
Chairman of the Board

Tom Zubko
Director

1. Authority and Operation

The Corporation is established under the Northwest Territories Power Corporation Act. The Corporation is a territorial crown corporation under Schedule B of the *Financial Administration Act* and is exempt from income tax.

The Corporation operates diesel, natural gas and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories.

2. Accounting policies

The Corporation is regulated by the Public Utilities Board of the Northwest Territories (PUB), which administers regulations covering such matters as rates, financing, accounting, construction, operation, and service area. As a result, the regulatory accounting policies adopted by the Corporation may differ from the accounting policies typically followed by unregulated entities. In particular, the timing of the Corporation's recognition of certain assets, liabilities, revenues and expenses may differ from that normally prescribed by Canadian generally accepted accounting principles. Specifically, policies in relation to deferred expenses and other assets and amortization policies are different. A summary of the significant accounting policies follows:

Rates and regulation (Excluding sales by subsidiaries)
The rates charged to all customers and the Corporation's earnings on a rate of return basis are regulated by the PUB. The PUB sits as often as it considers necessary and is required by the *Public Utilities Act* to review the affairs, earnings and accounts of the Corporation every three years or at any other time.

Consolidation
The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Corporation and its wholly-owned subsidiaries NWT Energy Corporation Ltd., and 923204 N.W.T. Ltd.

NWT Energy Corporation Ltd., under the authority of the Northwest Territories Power Corporation Act, financed the Dogrib Power Corporation for the construction of a 4.3 MW hydro facility. 923204 N.W.T. Ltd. operates and manages one residual heat project in Fort McPherson.

Revenue
Utility revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Capital assets
Capital assets, excluding those donated to the Corporation, are recorded at original cost and include materials, direct labour and a proportionate share of overhead costs and an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Capital assets donated to the Corporation are recorded at their estimated fair value.

Amortization
Amortization of capital assets is provided on the straight-line average group useful life basis, at rates which are approved by the PUB, a portion of which is accounted for as a provision for future removal and site restoration costs.

In accordance with utility accounting practices, retirement of these assets is charged to the provision with no gain or losses reflected in operations. Gains or losses arising from exceptional circumstances are included in earnings.

Amortization rates are as follows:

Electric power plants	1.24% - 5.76%
Transmission and distribution systems	1.57% - 4.66%
Warehouse, equipment, motor vehicles and general facilities	1.76% - 9.76%
Other utility assets	2.5% - 20.0%
Other	20.0%

Inventories
Fuels and lubricants and materials and supplies are valued at average cost.

Deferred expenses and other assets
The Public Utilities Board (PUB), through its decisions, has approved the use of deferral accounts.

The Snare Cascades Deferral Account eased the impact on utility rates resulting from the Snare Cascades project being added to the rate base in 1997. The increase in costs caused by the hydro project addition to rate base, net of savings from displaced diesel generation, was deferred for five years. These costs are being recovered through a PUB approved rate-rider through 2011.

The rate stabilization funds mitigate the impact on utility rates of unexpected changes in diesel and natural gas fuel prices as well as fluctuations in hydro generation caused by water levels. The impact of any increases or decreases in fuel prices or hydro generation over the PUB approved amounts are deferred. The deferred amounts are accumulated until PUB specified limits are reached, at which time rate-riders are applied to recover or refund the amounts necessary to bring the funds back to the approved limits.

The Reserve for Injuries and Damages includes costs for uninsured and uninsurable losses and the deductible portion of insured claims.

The normalized overhaul costs include costs to overhaul diesel and gas engines that occur over the life of these assets.

Regulatory costs include incremental expenses incurred to apply to the PUB for a multi-year General Rate Application (GRA).

Regulated employee future benefits costs represent benefits accrued under employment agreements since April 1, 2001.

These deferrals are charged to operations at PUB approved amounts that are estimated to annualize the costs over time or will be recoverable in the future.

Other assets include costs incurred that are subject to recovery through insurance, the courts or the customers at future General Rate Applications. Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt.

Sinking fund investments
The Corporation records sinking fund investments at amortized acquisition cost. Any discount or premium arising on purchase is amortized over the period to maturity. As a result of the amortization, earnings from the investment reflect the yield based on purchase costs, not on coupon rates, and the carrying value of the investments are adjusted systematically, over the period they are held, toward the amount expected to be realized at maturity.

Future removal and site restoration provision
The provision for future removal and site restoration reflects the estimated cost of retiring the assets of the Corporation, net of salvage value. These costs are amortized over the estimated useful lives of the related assets on a straight-line average group useful life basis. Due to the long-term nature of the assumptions made in deriving these estimates, the provision is periodically revised and updated for current information.

Deferred revenues
Deferred revenues reflect donations of assets and contributions to aid in the construction and acquisition of capital assets, and are amortized on the same basis as the related capital assets, and the resulting credit is offset against the corresponding provision for amortization of capital assets.

Public Service Superannuation Plan
Employees participate in the Public Service Superannuation Plan (the Plan) administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are charged to operations on a current basis and represent the total pension obligations. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

Employee Termination Benefits
Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these non-pension benefits has been determined based on management's best estimates and accrued as a liability as employees render service. The expenditures are not currently treated as a charge to operations but will be recoverable in the future. Consequently certain employee future benefit costs have been recorded as a regulated deferred expense. The PUB has approved this treatment.

Measurement uncertainty
To prepare these financial statements in accordance with Canadian generally accepted accounting principles, management has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Significant estimates include amortization, the future removal and site restoration provision, the revenue accrual for the PUB approved revenue requirement and April 1, 2001, allocated assets, liabilities and shareholder's equity.

The Snare Cascades Deferral Account eased the impact on utility rates resulting from the Snare Cascades project being added to the rate base in 1997. The increase in costs caused by the hydro project addition to rate base, net of savings from displaced diesel generation, was deferred for five years. These costs are being recovered through a PUB approved rate-rider through 2011.

The rate stabilization funds mitigate the impact on utility rates of unexpected changes in diesel and natural gas fuel prices as well as fluctuations in hydro generation caused by water levels. The impact of any increases or decreases in fuel prices or hydro generation over the PUB approved amounts are deferred. The deferred amounts are accumulated until PUB specified limits are reached, at which time rate-riders are applied to recover or refund the amounts necessary to bring the funds back to the approved limits.

The Reserve for Injuries and Damages includes costs for uninsured and uninsurable losses and the deductible portion of insured claims.

The normalized overhaul costs include costs to overhaul diesel and gas engines that occur over the life of these assets.

Regulatory costs include incremental expenses incurred to apply to the PUB for a multi-year General Rate Application (GRA).

Regulated employee future benefits costs represent benefits accrued under employment agreements since April 1, 2001.

These deferrals are charged to operations at PUB approved amounts that are estimated to annualize the costs over time or will be recoverable in the future.

Other assets include costs incurred that are subject to recovery through insurance, the courts or the customers at future General Rate Applications. Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt.

Sinking fund investments
The Corporation records sinking fund investments at amortized acquisition cost. Any discount or premium arising on purchase is amortized over the period to maturity. As a result of the amortization, earnings from the investment reflect the yield based on purchase costs, not on coupon rates, and the carrying value of the investments are adjusted systematically, over the period they are held, toward the amount expected to be realized at maturity.

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The provision for future removal and site restoration reflects the estimated cost of retiring the assets of the Corporation, net of salvage value. These costs are amortized over the estimated useful lives of the related assets on a straight-line average group useful life basis. Due to the long-term nature of the assumptions made in deriving these estimates, the provision is periodically revised and updated for current information.

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To prepare these financial statements in accordance with Canadian generally accepted accounting principles, management has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Significant estimates include amortization, the future removal and site restoration provision, the revenue accrual for the PUB approved revenue requirement and April 1, 2001, allocated assets, liabilities and shareholder's equity.

3. Change in Operations

On April 1, 2001, the Nunavut Power Corporation (NPC) commenced operations. All corporate operations within the Nunavut Territory were taken over by NPC on this date. The allocation of the Corporation's assets, liabilities and shareholder's equity between its Nunavut operations to NPC and its Northwest Territories operations to the Corporation was governed by two agreements. The Transition Agreement between the Governments of the Northwest Territories (GNWT) and the Interim Commissioner of Nunavut and the Transfer of Interests Agreements between the GNWT, Government of Nunavut (GN), NPC and the Corporation.

The allocation is subject to a due diligence process and approval by the Corporation, GNWT, NPC and GN. It is not known when the due diligence process will be completed and the allocation finalized. Consequently, the allocations of assets, liabilities and shareholder's equity are determined based on management's best estimate using the approach set out in the agreements. As at the date these financial statements were completed a disagreement concerning the allocation exists between the four parties with the potential for an additional transfer of retained earnings to NPC. Adjustments to the equity allocation estimate, if any, will be recorded when known.

In order to provide a meaningful comparison, the Corporation has provided unaudited comparative figures for the Northwest Territories operations only in its Statement of Earnings and audited opening balances for its April 1, 2001 Balance Sheet. These figures remove operating activities in Nunavut and allocate headquarter expenses as set out in the agreements. The allocation of headquarter expenses in 2001 is an unaudited estimate and the reader is cautioned that these figures may not be fully comparable with current operations.

4. Sale of Power - General Rate Application 2001/02 Revenue Requirement

The PUB Decision 5-2001 approved interim refundable rates effective July 1, 2001, which allow the Corporation to recover a portion of the fiscal 2002 revenue deficiency presented in its application. As of March 31, 2002, the Corporation estimates it has recovered $5,104 of the revenue deficiency for fiscal 2002 through these interim rates. The Corporation intends to file an application with the PUB early in fiscal 2003 for a rate-rider that would allow the Corporation to recover the estimated remaining 2002 revenue shortfall of $4,619. The Corporation has recorded this estimated shortfall in its 2002 revenues and accounts receivables. The Corporation intends to file a Phase II application in fiscal 2003 to set rates to recover any remaining 2002 shortfall and to set rates for fiscal 2003 and future years.

5. Other Revenues

			2001 (Note 3)
			Combined NWT and Nunavut
Government funding of pension expenses (Note 6)	$ 848	$ 493	$ 878
User fees	302	322	834
Miscellaneous	256	44	86
Contract work	155	183	392
Connection fees	139	164	327
Heat	90	132	291
Insurance proceeds	-	-	1,090
	$ 1,790	$ 1,338	$ 3,898

6. Pension Expense

The Corporation contributes to the Public Service Superannuation Plan (the Plan) at a rate of 2.14 times (2001 – 2.14 times) the employee's contributions. Contributions for pension expense during the year were $1,783 (2001 - $1,909). The Corporation received funding, recorded as other revenues, from the GNWT of $848 (2001 - $878) to cover part of these pension expenses. This funding is available until March 31, 2004. Whether the GNWT funding will continue beyond 2004 is unknown. Should this additional funding cease the PUB has approved recovery of these additional costs in rates.

7. Contract Income

The Corporation has signed a five year master agreement with the Nunavut Power Corporation to provide engineering services. The revenues and expenses to provide services under this agreement are outside of the normal operations of the Corporation and therefore are reflected separately on the income statement. The Corporation's gross revenues from the contract were $3,195 and the associated expenses were $2,931 for net earnings of $264. There are no assets or liabilities in the Corporation held solely for the purposes of this contract.

8. Interest expense

			2001 (Note 3)
			Combined NWT and Nunavut
Interest on long-term debt:			
Sinking fund debentures	$ 8,407	$ 6,812	$ 10,509
Debentures	2,288	2,312	2,312
Capital lease	-	9	17
	10,695	9,133	12,838
Short-term debt	175	27	1,802
Other	-	-	23
Allowance for funds used during construction	(326)	(395)	(740)
	$ 10,544	$ 8,765	$ 13,923

9. Dividend

The Corporation declared a dividend of $4,000 to the GNWT (2001 - $6,368 to the GNWT and GN).

10. Capital assets

			March 31, 2001		
			Net Book Value		*Combined NWT and Nunavut*
Electric power plants	$ 174,651	$ (43,394)	$ 131,257	$ 129,876	$ 209,962
Transmission and distribution systems	58,038	(7,791)	50,247	53,777	68,578
Warehouse, equipment, motor vehicles and general facilities	17,994	(4,788)	13,206	12,728	15,832
Other utility assets	3,484	(368)	3,116	3,208	5,961
Other	4,619	(3,537)	1,082	432	432
	258,786	(59,878)	198,908	200,021	300,765
Construction work in progress	2,699	-	2,699	3,791	3,791
Total Property & Equipment	$ 261,485	$ (59,878)	$ 201,607	$ 203,812	$ 304,556

Engineering and general administration expense capitalized during the year amounted to $724 (2001 - $2,053).
Allowance for funds used during construction capitalized during the year amounted to $217 (2001 - $331).

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Allowance for funds used during construction capitalized during the year amounted to $217 (2001 - $331).

11. Deferred expenses and other assets

	March 31, 2001 *Combined NWT and Nunavut*					
Snare Cascades Deferral Account	$ 4,218	$ 4,218	$ -	$ (462)	$ -	$ 3,756
Rate stabilization funds	2,152	(613)	(1,269)	-	(501)	(2,383)
Reserve for Injuries and Damages	1,318	1,036	626	(485)	-	1,177
Regulatory costs	637	389	547	(228)	-	708
Normalized overhaul costs	-	-	1,110	(1,540)	-	(430)
Regulated employee future benefits	-	-	343	-	-	343
Total deferred expenses	8,325	5,030	$ 1,357	$ (2,715)	$ (501)	3,171
Financing costs	579	579				372
Insurance claims	339	-				346
L-199 Transmission line	-	-				3,713
Other	522	461				390
	$ 9,765	$ 6,070				$ 7,992

The rate stabilization funds are comprised of fuel $835 (2001 - $3,908) and water $(3,218) (2001 - $(1,756)). During the year fuel stabilization rate riders of $501 (2001 - $4,910) were charged to customers. These amounts were recorded as revenues and fuel expenses.

12. Sinking fund investments

Sinking fund investments are held by the Trustee for the redemption of long-term debt. In anticipation of the approval of a change in the investment regulations under the Financial Administration Act, the Corporation held the majority of its sinking fund in conservative short-term investments in 2002. In October 2001 the amended FAA regulations came into force and the Corporation amended its investment policy to allow for up to 30% of sinking fund investments to be made in equities. The remainder of the fund will continue to be held in fixed income securities and short-term investments with a minimum average credit rating of "A" as defined by the Dominion Bank Rating Service.

In 2002, the average term of the investments was generally less than 90 days. Investments earned an average of 4.49% (2001 - 4.0%) interest.

The sinking fund agreement requires the Corporation to make minimum annual installments. The installments required for the next five years are disclosed in Note 13.

			March 31, 2001 *Combined NWT and Nunavut*	
			Carrying Value	Weighted Average Effective Rate (1)
Cash & short-term investments	$ 128	.0%	$ 9,771	0.15%
Bank paper	15,290	2.02%	4,178	4.70%
Provincial Government guaranteed	49	5.37%	519	5.11%
Federal Government guaranteed	262	8.53%	229	5.96%
Municipal Government guaranteed	228	4.79%	49	6.12%
	$ 15,957	2.18%	$ 14,746	1.72%

(1) Rate calculated on market yield maturity.

Fair value information for sinking funds is included in Note 21.

13. Long-term debt

	March 31, 2002	April 1, 2001 NWT only
11% sinking fund debentures, due March 9, 2009	$ 20,000	$ 20,000
11 1/8 % sinking fund debentures, due June 6, 2011	15,000	15,000
10 3/4 % sinking fund debentures, due May 28, 2012	20,000	20,000
9 3/8 % redeemable sinking fund debentures, due May 12, 2014	-	20,000
6.33% redeemable sinking fund debentures, due October 27, 2018	10,000	10,000
8.41% redeemable sinking fund debentures, due February 27, 2026	8,700	20,000
Capital loan facility, due October 18, 2006, converted in fiscal 2002 under an interest rate swap from a floating rate to, interest at 5.64% repayable interest only until November 2002 and equal monthly payments of $72 thereafter	20,000	20,000
10% debenture series 1, due May 1, 2025, repayable in equal monthly payments of $70	7,563	7,642
9 3/4% debenture series 2, due October 1, 2025, repayable in equal monthly payments of $69	7,582	7,661
9.11% debenture series 3, due September 1, 2026, repayable in equal monthly payments of $73	8,576	8,667
6.5% Canada's Northwest Territories Government Aurora Fund (1996) 923204 N.W.T. Ltd.'s portion representing 50%, due December 2002	375	375
Other	7	-
	117,803	149,345
Less: Current portion	1,084	249
	116,719	149,096
Less: NPC's portion of long-term debt	-	(31,593)
NPC's portion of long-term debt not redeemed	-	293
	$ 116,719	$ 117,796

All long-term debt is guaranteed by the GNWT. Certain debentures are redeemable within the specific terms of the debenture.

Principal repayments and estimated sinking fund investment requirements, NWT only, for the next five years:

	Principal Repayments	Sinking Fund Investment Requirements
2003	$ 1,084	$ 2,720
2004	1,156	3,008
2005	1,202	3,008
2006	1,235	3,231
2007	1,272	3,231

On May 28, 2001, the Corporation redeemed all of the $20 million of the 9 3/8 % debenture and $11.3 million of the 8.41% debenture in accordance with the Transition Agreement and the Transfer of Interests Agreement for amounts of long-term debt assumed by the Nunavut Power Corporation (NPC) effective April 1, 2001.

14. Net lease obligation

The NWT Energy Corporation Ltd. loaned funds to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories. The balance of the loan receivable is $22,023 (2001 - $22,238). The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWT Energy Corporation Ltd.'s long-term debt issued to finance the loan. It is due July 2026 and is repayable, in equal monthly payments of $195. The loan is secured by a charge against the plant and the lease agreement.

The Corporation has a 65 year lease for the plant at an imputed interest rate of 9.6% from the Dogrib Power Corporation until 2061. The value of the capital lease obligation is $24,072 (2001 - $24,478).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in capital assets at an original cost of $26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of $1,883 (2001 - $2,050).

13. Long-term debt

11% sinking fund debentures, due March 9, 2009	$ 20,000	$ 20,000
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To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in capital assets at an original cost of $26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of $1,883 (2001 - $2,050).

The net lease obligation, NWT only, will decrease by the following amounts over the next five years.

2003	$ 143
2004	116
2005	87
2006	55
2007	20

15. Bank indebtedness and short–term debt

	March 31, 2002	April 1, 2001 (Note 3)	March 31, 2001
	NWT only		*Combined NWT and Nunavut*
Banker's Acceptance	$ 8,000	$ 7,838	$ 19,500
Bank overdraft	56	2,738	7,076
	$ 8,056	$ 10,576	$ 26,576

The interest rate charged on bank overdrafts is prime. The Banker's Acceptance outstanding at year end had a 35 day term (2001 – 31 to 94 days) and a 2.09% (2001 - 5.32%) interest rate.

16. Future removal and site restoration provision

The provision for the year, included in amortization of capital assets is $1,371 (2001 - $1,523) and the amount spent is $161 (2001 - $658).

17. Deferred revenue and other liabilities

	March 31, 2002	April 1, 2001 (Note 3)	March 31, 2001
	NWT only		*Combined NWT and Nunavut*
Donations in aid of construction	$ 3,642	$ 4,077	$ 10,682
Employee future benefits	1,306	1,157	1,630
	$ 4,948	$ 5,234	$ 12,312

18. Shareholder's equity

	March 31, 2002	April 1, 2001 (Note 3)	March 31, 2001
	NWT only		*Combined NWT and Nunavut*
Capital Stock			
Authorized: unlimited number of voting common shares without par value			
Issued: 431,288 common shares	$ 43,129	$ 43,129	$ 43,129
Retained earnings at beginning of period	69,581	-	-
Retained earnings allocated on division	(43,433)	-	-
Restated retained earnings at beginning of period	26,148	-	-
Net earnings less dividends declared	2,882	-	-
Retained earnings at end of period	29,030	26,148	69,581
	$ 72,159	$ 69,277	$ 112,710

19. Commitments and contingencies

Capital projects
The estimated cost to complete capital projects in progress, as at March 31, 2002, was $500 (2001 - $2,851).

Operating leases
The Corporation has leased property and equipment under various long-term operating leases. The minimum annual payments for these leases are as follows:

2003	$ 215
2004	203
2005	105
2006	35
2007	1
2008-2038	16
	$ 575

Supply contracts
The Corporation has entered into contracts to purchase refined oil products. These contracts end in 2003 and 2004 and reflect minimum purchase commitments of 18 million litres consistent with the Corporation's operational requirements, and are based on market prices at time of delivery.

Loan guarantee
The Corporation has guaranteed a loan made by the Aurora Fund to Aadrii Limited in the total amount of $750. This guarantee has been made jointly and severally with another party.

Natural gas purchase commitment
The Corporation has entered into an agreement to purchase natural gas to produce electricity in Inuvik. The minimum obligation is to purchase 5,622,900m3 of natural gas per annum for 15 years, beginning on August 1, 1999. The price shall be calculated annually on the anniversary of the Initial Delivery Date and will depend on the Edmonton Average Unbranded High Sulphur Diesel Price as posted in the Bloomberg Oil Buyers Guide on that date.

Hedging
The Corporation entered into a commodity swap for heating fuel. Although the Corporation purchases diesel fuel, no instrument is readily available for the Corporation to directly hedge against the price fluctuation of diesel fuel. Heating fuel prices however have a very close correlation to diesel fuel prices.

The Corporation typically purchases in excess of 19 million litres of diesel fuel annually. As at March 31, 2002, the Corporation has hedged a total of 5.8 million litres to be purchased in July, August and September 2002 using a swap contract. The average price for the swap contract on 5.8 million litres is US$0.1575/litre (US$0.6205/US gallon).

This hedging instrument is used only to manage risk and not for trading purposes. The Corporation did not obtain any security to mitigate credit risk but mitigates this risk by dealing only with a AA financial institution and accordingly, does not anticipate loss for non-performance.

Legal issue
The Corporation has been named as a defendant in a lawsuit involving the GNWT and the Federal Government in a claim related to the construction of the hydro system on the Taltson River. As directed by the GNWT, the Corporation filed a separate defence to the suit. It is management's estimate that no significant loss to the Corporation will result from this claim.

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20. Related party transactions

The Corporation is a territorial crown corporation and consequently is related to the GNWT and its agencies and corporations. As the division of the Corporation was not finalized as at March 31, 2002, the Government of Nunavut (GN) and the Nunavut Power Corporation (NPC) are also considered as related parties.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers. Transactions with related parties and balances at year end, by territory, not disclosed elsewhere in the financial statements, are as follows:

	March 31, 2002	March 31, 2001		
	NWT Only	*NWT Parties*	*Nunavut Parties*	*Combined NWT and Nunavut*
Sale of power, heat, water and other	$ 13,524	$ 10,630	$ 14,488	$ 25,118
Purchases made on behalf of NPC	-	1,633	-	1,633
Purchase of fuel from government	1,340	1,370	7,424	8,794
Fuel Tax paid to government	511	514	1,084	1,598
Other purchases and payments	905	24	-	608
Balances at year end:				
Accounts receivable from	2,829	1,860	1,659	3,519
Accounts payable to	503	193	1,501	1,694
Dividend payable to the GNWT	4,000	-	-	-
Dividend payable to the GN	2,299	-	-	-
Due from NPC (Note 3)	5,477	-	-	-

21. Financial instruments

	March 31, 2002		March 31, 2001	
			Combined NWT and Nunavut	
	Carrying Amount	*Fair Value*	*Carrying Amount*	*Fair Value*
Long-term debt	$ 117,803	$ 144,385	$ 149,345	$ 182,458
Net lease obligation	1,883	3,211	2,050	3,545
Sinking fund investments	15,957	16,002	14,746	14,814

The fair value of cash and short-term investments, other current accounts receivable and payable and bank indebtedness and short-term debt approximate the carrying amount of these instruments due to the short period to maturity. The fair values for the long-term debt and net lease obligation are determined using market prices for similar instruments. The fair value of the sinking fund investments was determined using market prices.

22. Franchises

Subsection 37(1) of the *Public Utilities Acts* of the Northwest Territories states that a public utility shall file with the Board a copy of its franchise before the public utility intends to begin operating under the franchise.

The Corporation requires franchises for 25 communities. During the year a number of these franchise agreements expired. As at March 31, 2002, 11 of these franchises are in place and approved by the PUB, while the remaining franchises are at various stages of the application process.

23. Comparative figures

Certain of the 2001 figures have been reclassified to conform with the financial statement presentation adopted for 2002.

FOR THE YEARS ENDED MARCH 31 ($000's)

	2002	2001	2001	2000	1999	1998
Operating Revenue	$ 64,310	$ 53,854	$ 107,886	$ 101,419	$ 99,865	$ 100,108
Operating Expenses	49,170	41,200	85,712	78,821	76,407	77,330
Fuel and lubricants expense	15,358	12,378	31,097	25,822	25,752	28,118
Interest expense[1]	10,544	8,765	13,923	13,330	13,194	13,402
Earnings from operations	15,140	12,654	22,174	22,598	23,458	22,778
Net earnings	6,882	4,182	9,089	10,676	11,495	10,510
Dividend	4,000	4,053	6,368	6,239	6,603	6,261
Expenditures on property and equipment	5,334	4,554	20,395	21,427	16,944	11,387
Gross fixed assets	258,786	258,605	396,860	390,534	373,281	364,781
Sales (MWh)[2]	307,335	298,037	414,181	410,971	408,744	426,696
Generation (MWh)	341,101	334,087	462,410	458,969	455,747	482,504
Total number of customers	7,849	8,320	19,319	19,248	17,658	17,123
N.W.T.	7,849	8,320	8,320	8,285	-	-
Nunavut	-	-	10,999	10,963	-	-
Return on Assets Employed (Net income/Avg Total Assets)	2.66%	1.28%	2.55%	3.17%	3.81%	3.44%
Average Unit Energy Cost (Operating cents/kWh generated)	14.42	12.33	18.54[5]	17.17	16.77	16.02

(1) Net of AFUDC.

(2) Net of sales to NTPC.

(3) Includes operations in NWT and Nunavut.

(4) Reclassifications have been made to some comparative figures to conform with the current year's presentation.

(5) NWT only – hypothetical calculation. See Note 3 for additional details.

Directives

The *Financial Administration Act* and the *Northwest Territories Power Corporation Act* provide the Government of the Northwest Territories, through the Executive Council and the Minister Responsible for the Northwest Territories Power Corporation, with the ability to direct the operations of the Corporation.

The *Financial Administration Act* requires that any Directives received by the Corporation be disclosed.

Directive One, although received in the previous fiscal year, impacted operations in 2001/2002, and for this reason is recorded.

FOR THE YEARS ENDED MARCH 31 ($000's)

Operating Revenue	$ 64,310	$ 53,854	$ 107,886	$ 101,419	$ 99,865	$ 100,108
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The *Financial Administration Act* requires that any Directives received by the Corporation be disclosed.

Directive One, although received in the previous fiscal year, impacted operations in 2001/2002, and for this reason is recorded.

Directive One
Date: **December 15, 2000**
Subject: **Direction to the Board of Directors of the Northwest Territories Power Corporation**
Decision:

The Executive Council directs that:

1) Pursuant to subsection 8(4) of the *Northwest Territories Power Corporation Act* and every other enabling power, the Executive Council of the Northwest Territories hereby directs the Board of Directors of the Northwest Territories Power Corporation to:

(a) defer any formal notice of layoff for those positions and staff located in the NWT; and

(b) take any and all steps to comply with this direction. This direction will remain in effect until revoked by the Executive Council.

2) Executive Council direction to the Board of Directors of the Northwest Territories Power Corporation dated 17 October 2000 be revoked.

Directive Two
Date: **February 28, 2002**
Subject: **Direction to NTPC – Payment of Dividend**
Decision: The Executive Council directs that, pursuant to Section 29 of the *Northwest Territories Power Corporation Act* and based on the Northwest Territories Power Corporation's 2001-2002 earnings, the Northwest Territories Power Corporation declare a dividend in the amount of four million dollars ($4,000,000.00).

Long Service Employees

NAME	POSITION	LOCATION	SERVICE
Head Office			
Leon Urban	Mechanical Engineer	Hay River	15 years
Donna Campbell	Contracts Coordinator	Hay River	10 years
John Locke	Director, Information Technology	Hay River	5 years
Jim Forsyth	Network Systems Analyst	Hay River	5 years
Belinda Whitford	Group Leader, Financial Reporting	Hay River	5 years
Peter Biggar	Mechanical Engineer	Hay River	5 years
Greg Haist	Group Leader, Projects	Hay River	5 years
North Slave			
Norman McBride	Group Leader, Customer Service	Yellowknife	25 years
Stuart Robinson	Maintenance Planner & Special Projects	Yellowknife	20 years
Richard Taggart	System Operator II	Yellowknife	20 years
Joe Fraley	Plant Operator	Yellowknife	20 years
Robert Norton	Electrician	Yellowknife	15 years
John Westergreen	Telecontrol Technician	Yellowknife	15 years
Michael Coyne	Electrician	Yellowknife	15 years
Robert Johnson	System Operator I	Yellowknife	15 years
Delta/Sahtu			
Fred Church	Building Maintenance/Inventory Technician	Inuvik	15 years
Kenneth Norris	System Operator II	Inuvik	15 years
Joe Melanson	Power Lineperson	Inuvik	5 years
Peter Wiedemann	System Operator II	Inuvik	5 years
Keith Smith	Diesel Mechanic	Inuvik	5 years
Alvin Orlias	Plant Superintendent I	Colville Lake	5 years
Deh Cho/South Slave			
Dolphus Hardisty	Plant Superintendent I	Fort Liard	35 years
Raymond Beaudriault	System Operator I	Fort Smith	25 years
Larry Gresl	Group Leader, Operations, Deh Cho	Fort Simpson	20 years
Paul Campbell	Director, Deh Cho/South Slave	Fort Smith	10 years
James Tonka	Plant Superintendent I	Nahanni Butte	10 years
Daniel Bruneau	Plant Superintendent I	Wrigley	5 years

board of directors

Standing (L to R): Chris Lavers (Corporate Secretary), Tom Zubko, Eric Shelton, Rod Hardy, Kelly Kaylo (Vice-Chairperson).
Seated (L to R): Andy Gaule, Gordon Stewart (Chairman), John Parker. Missing from photo: Ted Humphrys (Chairman Emeritus).

Committees of the Board:
Audit & Efficiency Committee
T. Zubko, Chairman
J. Parker
E. Shelton

Governance & Compensation Committee
A. Gaule, Chairman
G. Stewart
R. Hardy
K. Kaylo

Officers of the Corporation:
Gordon Stewart
Chairman

Leon Courneya, FCA
President & Chief Executive Officer

Derek Aindow
Director, Human Resources

Paul Campbell
Director, Deh Cho - South Slave

Al Dube, P.Eng
Director, Engineering
& Chief Engineer

Chris Lavers
Corporate Secretary

Judith Goucher, MA
Director, Finance & CFO

John Locke
Director, Information Systems & CIO

Randy Patrick, P.Eng
Director, North Slave

Gerd Sandrock, P.Eng
Director, Business Development

Brian Willows
Director, Delta - Sahtu